



CITY OF CHATTANOOGA

Office of City Treasurer

City Hall

101 East 11th St Room 102

CHATTANOOGA, TENNESSEE 37402-4284

VERY IMPORTANT INFORMATION TO THE NEW BUSINESS OWNER

PLEASE READ

Welcome to the City of Chattanooga Business Community. We wish you well and will be more than glad to lend assistance when needed.

The following is a brief summary of the obligations you have to the City of Chattanooga as a business owner and/or operator. The information supplied in this summary is in accordance with Tennessee State Law, Tennessee Code Annotated Title 67, Chapter 4, Part 7, Sections 1 through 29.

Your business will be licensed under one of the four classifications listed herein (check your license for proper classification) and will expire on the expiration date as set out herein. It is immaterial as to when you started your business or purchased your license when it will expire. Upon expiration of your license, you will be expected to file a gross receipts tax return and pay a gross receipts tax in addition to purchasing another minimum business license for the upcoming twelve months. The City Business Tax Office will mail the necessary gross receipts tax forms to you. If you have not received the forms within one week after your present license expires, be sure and notify this office so we may send you a second set of forms.

Should the ownership of this business change by incorporation, single proprietorship, partnership, limited partnership or should you sell or just quit the business prior to the expiration date of your current license, you are required to file a final business tax return with the City of Chattanooga within fifteen (15) days from the date the business ceased to operate, or the effective date of the ownership changes, whichever applies.

If you purchased your business from a previous owner, it is very important that the previous owner file a final return or you, as the new owner, will be held personally liable for the previous owner's taxes.

<u>CLASSIFICATIONS</u>	<u>EXPIRATION DATES</u>	<u>DELINQUENT DATES</u>
CLASS 1	December 31	March 1
CLASS 2	March 31	June 1
CLASS 3	June 30	September 1
CLASS 4	September 30	December 1

RETAIL TAX RATES

1/10 TH OF 1% OR .001	Classes 1 & 4
1/20 TH OF 1% OR .0005	Class 1 (Service Stations Only)
3/20 TH OF 1% OR .0015	Class 2
3/16 TH OF 1% OR .001875	Class 3

WHOLESALE TAX RATES

3/80 TH OF 1% OR .000375	Class 1,2,3
1/40 TH OF 1% OR .00025	Class 1 (Wholesale Food & Oil Distributors Only)

In the event you make both wholesale and retail sales and each exceed 20% of your taxable gross sales, you may use both the applicable retail and wholesale rates. If either wholesale or retail sales are less than 20% of taxable gross sales, you must multiply the combined taxable gross sales by the applicable tax rate which exceeds 20% of the taxable gross.

DEFINITIONS:

“RETAIL SALES” means a sale of tangible personal *property or service* rendered to a consumer or to any person for any purpose other than for resale.

“WHOLESALE SALES” means the sale of tangible personal property or services rendered in the regular course of business to a licensed retailer for resale, lease, or rental as tangible personal property in his/her regular course of business to a user or consumer. It also includes the sale of industrial materials for future processing, manufacture or conversion into articles of tangible personal property for resale where such industrial materials become a component part of the finished product. The provisions of this section shall not apply to raw or unprocessed agricultural products. A wholesale sale also includes the sale of a wholesaler of tangible personal property to the State of Tennessee or any county or municipality or subdivision thereof or the sale to any religious, educational or charitable institution. The quantity of property sold or the price at which the property is sold is immaterial in determining whether or not the sale is a wholesale sale.

Construction contractors when reporting their gross contracts must report amounts billed for, in addition to amounts collected, through the last day of their taxing period. They will be permitted to take the subcontractor deduction appearing on the back side of their return, so long as they supply the City of Chattanooga, Business Tax Division, with an out-of-state contractor's bond at the time they purchase their license.

- 1 The City of Chattanooga Business Tax Staff would like to take this opportunity to wish you the very best in your new business venture, and we sincerely hope that this brief summary has been and will be of assistance to you in the future. We will be looking forward to working with you in the years to come.

- For assistance you may call (423) 757-5195.